

USDA DFAP Awards and Medicaid Benefits

The information below is for the farmers and ranchers who applied for and received a one-time, lump-sum payment/award from the United States Department of Agriculture (USDA) under the USDA Discrimination Financial Assistance Program (DFAP). DFAP was created to address the consequences of prior discrimination by USDA in USDA farm lending. This general information will help people who receive these USDA DFAP awards understand the potential impact of such money on Medicaid coverage.

The USDA Award may affect your Medicaid eligibility. Everyone's situation is different. Be sure to consult an attorney or advocate knowledgeable about Medicaid for specific advice. See below for a list of resources.

WHAT IS MEDICAID?

Medicaid is a joint federal and state program that helps cover medical costs for some people with limited income and resources. The federal government has general rules that all state Medicaid programs must follow, but each state runs its own program. This means eligibility requirements and benefits can vary from state to state.

How could my USDA DFAP award affect my Medicaid?

Your USDA DFAP award will increase your income and resources the month you receive it. Your Medicaid eligibility is based on having limited income and, for some categories, resources. Depending on the category in which you are eligible for Medicaid, the DFAP award may have a small or large effect on your Medicaid eligibility.

When is my USDA DFAP award considered "income?"

The USDA DFAP award is "income" in the month you

receive it. Income is any item an individual receives in cash or in-kind that can be used to meet their need for food or shelter. Medicaid eligibility depends on both earned and unearned income. Earned income includes payment for work. Unearned income is all other income, such as retroactive benefits or a settlement payment. The USDA DFAP award is unearned income the month you receive it. This is unlikely to have any practical effect on you if you are already getting Medicaid.

When is my USDA DFAP award considered a "resource" or "asset?"

A resource, or asset, is something you own, such as a bank account, land, or personal property that could be used or sold to get money for food or shelter. Some categories of Medicaid count your assets on the first moment of the first of the month. If the value of your assets is greater than the maximum allowed in your state, you are not eligible for Medicaid in that category that month. The unspent portion of your USDA DFAP award will count as a resource on the first of the month following the month you receive it.

What are the Medicaid income and asset limits in my state for different Medicaid eligibility categories?

How the USDA DFAP award affects your Medicaid eligibility depends on the category of your Medicaid eligibility.

- If you are eligible for Medicaid and are under age 65, not disabled, and not pregnant, (Medicaid expansion) there is no asset limit in these categories, so your Medicaid is not at risk.

- If you are eligible for Medicaid because you are on SSI (Supplemental Security Income), or over age 65, or disabled, the asset limit for SSI and SSI-linked Medicaid is \$2000 if 1 person, \$3000 if you live with spouse.

· If you or your spouse are in a nursing home, much higher income and asset limits apply. Generally, your income must be under \$2,829.00 and your assets must be under \$2,000.00.

· If you are on Medicare and Medicaid pays ONLY your Medicare premiums, your assets will not limit your eligibility in Louisiana. The income limits in Louisiana will vary depending on the size of your household.

If the USDA DFAP award increases your assets, AND you are receiving Medicaid because you are over age 65, blind, or disabled, AND you do not spend down to the allowable limit, you will become ineligible for Medicaid.

What can I do to avoid or lessen the impact of the USDA DFAP award on my Medicaid?

If you are receiving Medicaid because you are over age 65, blind, or disabled, you can avoid or lessen the impact of the USDA lump sum award by spending the money on an exempt resource. Examples of exempt resources include buying a home, a car, household good or personal effects, property essential for supporting yourself, life insurance, a burial plot and burial insurance.

For example, if you use the USDA DFAP payment to pay off a mortgage, pay off credit card or other debt, make home improvements or repairs, purchase a burial plot/plan, or trade in car for new one, you can spend down the amount of money necessary to be under the resource limit. **DO NOT GIVE THE MONEY AWAY.** This could make you ineligible for some Medicaid services for up to five years.

Do I need to report the USDA DFAP payment to Medicaid?

Yes. You should report to Medicaid the amount of the award you receive as soon as you get the money. If you do not report the award to Medicaid, you will have to pay back money you should not have received for covered health care expenses, and you may face other penalties or sanctions.

How do I get information from Medicaid about my benefits?

Call 1-888-342-6207, the Louisiana Medicaid Office

or 1-866-ASK-ALSC (1-866-275-2572) for Acadiana Legal Service Corporation.

How can I find an attorney or advocate to help me understand the impact of the USDA DFAP award on my Medicaid?

Many USDA DFAP payment recipients can request brief legal advice through the ABA Free Legal Answers platform. You will need to select the state where you live and provide income information to determine eligibility for getting free advice. The advice is available to anyone with household income below 250% of the federal poverty guidelines. Once you are approved, you can create an account to ask a question and get advice from a volunteer attorney.

Residents in Delaware, Michigan, Minnesota, Montana, New Jersey, North Dakota, Ohio, and Rhode Island do not have access to the ABA Free Legal Answers platform. Alternative resources for residents of these states will be posted soon.

You can also contact the Legal Aid office that serves your community. Not all Legal Aid programs can assist with these kinds of questions, and they only serve people who meet financial eligibility requirements. You can look up your local Legal Aid at <https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help>

For general questions about your USDA DFAP award, contact the DFAP Call Center at 1-800-721-0970.